

## Worksheet K

### Calculation of Beaver's Ratio

$$BR = CF \div TD$$

Where: BR = Beaver's Ratio  
CF = Cash Flow  
TD = Total Debt

#### Three Most Recently Completed Fiscal Years

19\_\_ 19\_\_ 19\_\_

#### Cash Flow:

Net Income After Taxes	\$	\$	\$	(1)
Depreciation	\$	\$	\$	(2)
CF [Calculate: (1) + (2)]	\$	\$	\$	(3)

#### Total Debt:

Current Debt	\$	\$	\$	(4)
Long-Term Debt	\$	\$	\$	(5)
Total Debt	\$	\$	\$	(6)

#### Beaver's Ratio:

BR [(3) /(6)]				(7)
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#### Considerations:

Is the most recent year typical of the three years? ☐ Yes ☐ No  
(If not, you might want to use an earlier year or years for the analysis)

Is the Beaver's Ratio for this discharger greater than 0.2? ☐ Yes ☐ No

Is the Beaver's Ratio for this discharger less than 0.15? ☐ Yes ☐ No

Is the Beaver's Ratio for this discharger between 0.2 and 0.15? ☐ Yes ☐ No

How does this ratio compare with the Beaver's Ratio for other firms in the same business?

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